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March 17, 2009

## **AGENDA ITEM 5**

**TO: MEMBERS OF THE BENEFITS AND ADMINISTRATION COMMITTEE**

- I. SUBJECT:** Chief Executive Officer (CEO) Delegation of Authority
- II. PROGRAM:** Administration
- III. RECOMMENDATION:** Approve the revised Delegation of Authority for the CEO.
- IV. ANALYSIS:**

The Board of Administration (the "Board") directed staff to review the existing CEO Delegation of Authority (the "CEO Delegation" or the "Delegation") and recommend changes, where appropriate, to ensure that the accountability and authority for governance and management of CalPERS is clearly stated and reflects CalPERS' current policies and practices. Staff recommends the following changes to the CEO Delegation:

1. Updating the recitals to reflect the current programs and trust funds administered by the Board.
2. Adding an express exception to Section III.C.1.c. in the event the Board has otherwise delegated its exclusive authority to select or terminate investment advisors, managers and consultants to the Chief Investment Officer or Senior Investment Officers.
3. Modifying Section III.C.2. to require the CEO to delegate authority to "negotiate and execute investment transactions" to the Chief Investment Officer, without any reservation of this authority by the CEO.
4. Adding Section III.C.3. to expressly give the CEO authority to "ensure that all investment functions are performed with independence and in conformance with professional standards." The provision is parallel to those contained over other units and functions within CalPERS.

5. Modifying the “Staff Resources & Organizational Structure” section, Section IV, to reflect changes in personnel laws, policies, and practices.
6. Other minor technical, non-substantive changes.

**Attachment A** contains a copy of the black-lined version of the CEO Delegation. The black-lined Delegation uses strikethrough and double underline to indicate changes from the last approved Delegation by the Board. Single underline does not indicate a change; instead, it reflects an existing underlined word in the Delegation.

**Attachment B** contains a clean copy of the revised CEO Delegation without black-line.

#### Recommendation

Staff recommends that the revised CEO Delegation be approved.

### **V. STRATEGIC PLAN:**

Under Goal II of the Strategic Plan, CalPERS is committed to “[f]oster[ing] a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability.” The revised CEO Delegation seeks to ensure that the accountability and authority for governance and management of CalPERS is clearly stated.

### **VI. RESULTS/COSTS:**

Slightly redefining the CEO’s authority, through this Delegation, provides clarity of the CEO’s role. Approval of the revised CEO Delegation will not result in additional cost.

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Peter H. Mixon  
General Counsel

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Anne Stausboll  
Chief Executive Officer